contract market or swap execution facility to either:

(1) Retain existing non-spot-month position limits or accountability rules; or

(2) Establish non-spot-month position limits or accountability levels pursuant to the acceptable practice described in §151.11(b)(2) and (c)(1) based on open interest in the same contract or economically equivalent contracts executed pursuant to the rules of the designated contract market or swap execution facility that is a trading facility.

§151.12 Delegation of authority to the Director of the Division of Market Oversight.

(a) The Commission hereby delegates, until it orders otherwise, to the Director of the Division of Market Oversight or such other employee or employees as the Director may designate from time to time, the authority:

(1) In §151.4(b) for determining levels of open interest, in §151.4(d)(2)(ii) to estimate deliverable supply, in §151.4(d)(3)(ii) to fix non-spot-month limits, and in §151.4(e) to publish position limit levels.

(2) In §151.5 requesting additional information or determining whether a filing should not be considered as bona fide hedging;

(3) In §151.6 for accepting alternative position visibility filings under paragraphs (c)(2) and (d) therein;

(4) In §151.7(h)(2) to call for additional information from a trader claiming an aggregation exemption;

(5) In §151.10 for providing instructions or determining the format, coding structure, and electronic data transmission procedures for submitting data records and any other information required under this part.

(b) The Director of the Division of Market Oversight may submit to the Commission for its consideration any matter which has been delegated in this section.

(c) Nothing in this section prohibits the Commission, at its election, from exercising the authority delegated in this section.

§151.13 Severability.

If any provision of this part, or the application thereof to any person or circumstances, is held invalid, such invalidity shall not affect other provisions or application of such provision to other persons or circumstances which can be given effect without the invalid provision or application.

APPENDIX A TO PART 151—SPOT-MONTH POSITION LIMITS

Contract	Referenced contract spot-month limit
Agricultural Referenced Contracts	
ICE Futures U.S. Cocoa	1,000
ICE Futures U.S. Coffee C	500
Chicago Board of Trade Corn	600
ICE Futures U.S. Cotton No. 2	300
ICE Futures U.S. FCOJ–A	300
Chicago Mercantile Exchange Class III Milk	1,500
Chicago Mercantile Exchange Feeder Cattle	300
Chicago Mercantile Exchange Lean Hog	950
Chicago Mercantile Exchange Live Cattle	450
Chicago Board of Trade Oats	600
Chicago Board of Trade Rough Rice	600
Chicago Board of Trade Soybeans	600
Chicago Board of Trade Soybean Meal	720
Chicago Board of Trade Soybean Oil	540
ICE Futures U.S. Sugar No. 11	5,000
ICE Futures U.S. Sugar No. 16	1,000
Chicago Board of Trade Wheat	600
Minneapolis Grain Exchange Hard Red Spring Wheat	600
Kansas City Board of Trade Hard Winter Wheat	600
Metal Referenced Contracts	
Commodity Exchange, Inc. Copper	1,200

Contract	Referenced contract spot-month limit
New York Mercantile Exchange Palladium	650
New York Mercantile Exchange Platinum	500
Commodity Exchange, Inc. Gold	3,000
Commodity Exchange, Inc. Silver	1,500
Energy Referenced Contracts	
New York Mercantile Exchange Light Sweet Crude Oil	3,000
New York Mercantile Exchange New York Harbor Gasoline Blendstock	1,000
New York Mercantile Exchange Henry Hub Natural Gas	1,000
New York Mercantile Exchange New York Harbor Heating Oil	1,000

APPENDIX B TO PART 151—EXAMPLES OF BONA FIDE HEDGING TRANSACTIONS AND POSITIONS

A non-exhaustive list of examples of bona fide hedging transactions or positions under §151.5 is presented below. A transaction or position qualifies as a bona fide hedging transaction or position when it meets the requirements under §151.5(a)(1) and one of the enumerated provisions under §151.5(a)(2). With respect to a transaction or position that does not fall within an example in this appendix , a person seeking to rely on a bona fide hedging exemption under §151.5 may seek guidance from the Division of Market Oversight.

1. ROYALTY PAYMENTS

a. *Fact Pattern:* In order to develop an oil field, Company A approaches Bank B for financing. To facilitate the loan, Bank B first establishes an independent legal entity commonly known as a special purpose vehicle (SPV). Bank B then provides a loan to the SPV. Payments of principal and interest from the SPV to the Bank are based on a fixed price for crude oil. The SPV in turn makes a production loan to Company A. The terms of the production loan require Company A to provide the SPV with volumetric production payments (VPPs) based on the SPV's share of the production and the prevailing price of crude oil. Because the price of crude may fall, the SPV reduces that risk by entering into a NYMEX Light Sweet Crude Oil crude oil swap with Swap Dealer C. The swap requires the SPV to pay Swap Dealer C the floating price of crude oil and for Swap Dealer C to pay a fixed price. The notional quantity for the swap is equal to the expected production underlying the VPPs to the SPV.

Analysis: The swap between Swap Dealer C and the SPV meets the general requirements for bona fide hedging transactions (§151.5(a)(1)(i)–(iii)) and the specific requirements for royalty payments (§151.5(a)(2)(vi)). The VPPs that the SPV receives represent anticipated royalty payments from the oil field's production. The swap represents a substitute for transactions to be made in the physical marketing channel. The SPV's swap position qualifies as a hedge because it is economically appropriate to the reduction of risk. The SPV is reasonably certain that the notional quantity of the swap is equal to the expected production underlying the VPPs. The swap reduces the risk associated with a change in value of a royalty asset. The fluctuations in value of the SPV's anticipated royalties are substantially related to the fluctuations in value of the NYMEX Light Sweet Crude Oil Referenced Contract swap with Swap Dealer C. The risk-reducing position will not qualify as a bona fide hedge in a physical-delivery Referenced Contract during the spot month.

b. *Continuation of Fact Pattern:* Swap Dealer C offsets the risk associated with the swap to the SPV by selling Referenced Contracts. The notional quantity of the Referenced Contracts sold by Swap Dealer C exactly matches the notional quantity of the swap with the SPV.

Analysis: Because the SPV enters the swap as a bona fide hedger under §151.5(a)(2)(vi), the offset of the risk of the swap in a Referenced Contract by Swap Dealer C qualifies as a bona fide hedging transaction under §151.5(a)(3). As provided in §151.5(a)(3), the risk reducing position of Swap Dealer C does not qualify as a bona fide hedge in a physical-delivery Referenced Contract during the spot month.

2. SOVEREIGNS

a. *Fact Pattern:* A Sovereign induces a farmer to sell his anticipated production of 100,000 bushels of corn forward to User A at a fixed price for delivery during the expected harvest. In return for the farmer entering into the fixed-price forward sale, the Sovereign agrees to pay the farmer the difference between the market price at the time of harvest and the price of the fixed-price forward, in the event that the market price is above the price of the forward. The fixed-price forward sale of 100,000 bushels of corn reduces the farmer's downside price risk associated with his anticipated agricultural